Highway and Transportation Employees' and Highway Patrol Retirement System

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2001

Norm Robinson
Executive Director

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Highway and Transportation Employees' and Highway Patrol

RETIREMENT SYSTEM

Norm Robinson, Executive Director

October 15, 2001

Board of Trustees Highway and
Transportation Employees' and
Highway Patrol Retirement System
Jefferson City, MO 65101

Dear Board Members:

It is again with great pleasure that I submit this year's annual report of the Highway and Transportation Employees' and Highway Patrol Retirement System (HTEHPRS).

Fiscal Year 2001 Highlights
Last year, HTEHPRS' staff worked towards the successful implementation of the Year 2000 Plan and this year that effort continued as retired employees were given the option of staying in the Closed Plan or converting to the Year 2000 Plan. During the year, 630 retiree Year 2000 Plan conversion elections were processed.

The retirement system staff also began work on the implementation of legislation passed this year, which provides for a Deferred Retirement Option Provision (BackDROP) for general state employees. As of June 30, 2001, procedures were in place to provide benefit estimates to those who may want to consider utilizing the BackDROP option that will go into effect on January 1, 2002. Additional information regarding the BackDROP option is included in this annual report.

During the year, the state of Missouri implemented the human resource/payroll portion of their new financial accounting and reporting system (SAM II). With the implementation of SAM II, the state of Missouri converted from monthly anticipatory payroll cycles to semi-monthly lag payroll cycles. For the most part, the conversion has resulted in a faster and more efficient collection of payroll data and contributions from MoDOT and MSHP. HTEHPRS' staff continues to work with those in the Office of Administration on the remaining conversion issues.

Report Contents and Structure
This Comprehensive Annual Financial Report of the Highway and Transportation Employees' and Highway Patrol Retirement System for the fiscal year ended June 30, 2001, has been prepared to enhance knowledge and understanding of the retirement system. The material has been prepared in a manner to be useful and informative to the members, to the management of the Missouri Department of Transportation and Missouri State Highway Patrol, and to the elected officials of the state of Missouri.

Management of the retirement system is responsible for the accuracy and completeness of the information in this report. To the best of our knowledge and belief, the information presented is accurate in all material respects and is reported in a manner designed to fairly present the financial position of the fund. The report is also designed to comply with the reporting requirements of Sections 104.190, 104.1006, and 105.661 of the Revised Statutes of Missouri (RSMo) as amended. The report is divided into the following five sections:

- The Introductory Section, which contains general information regarding the operations of HTEHPRS.
- The Financial Section, which contains an in-depth explanation of the financial position of the plan, as well as the auditor's opinion of the system's financial records.
- The Investment Section, which outlines the value of the system's assets and the historical returns of the portfolio.
- The Actuarial Section, which the actuary certifies the recommended contribution rates and presents the assumptions used to arrive at those rates.
- The Statistical Section, which provides a statistical profile of our active, terminated vested, and retired members.

BACKGROUND INFORMATION

The Highway and Transportation Employees' and Highway Patrol Retirement System was established by state statute in 1955. Under that legislation, employees of the Missouri Department of Transportation and Missouri State Highway Patrol became members of the retirement system on September 1, 1955. The system initially provided only regular retirement and disability benefits and required the employees to share in the cost of the plan.

While the participating employers in the system, the Missouri Department of Transportation and the Missouri State Highway Patrol, have remained the same since 1955, the plan provisions have changed many times. Today, at no cost to the employees, the system offers not only enhanced retirement and disability benefits, but also benefits for survivors of active and retired members, benefits for qualified terminated vested members, and death benefits.

FINANCIAL INFORMATION

Accounting System

This report has been prepared in accordance with generally accepted accounting principles for governmental accounting and reporting. Assets, liabilities, revenues, and expenses are reported on the accrual basis. Internal controls have been established by management to reasonably protect the assets from loss, theft, or misuse.

Revenues

Two sources of revenue are used to finance retirement, survivor, and long-term disability benefits: employer contributions and income on investments. During Fiscal Year 2001, revenues from these two sources totaled $51,523,810. The Missouri Department of Transportation and the Missouri State Highway Patrol contributed $81,353,019. Investment income for the year was ($29,829,209).

Expenses

Expenses of the system totaled $115,947,646 in Fiscal Year 2001. Benefit payments represent the major expense of the retirement system. Expenses incurred to administer the plan include personal services provided by the staff and professional services for (1) investing the system's funds, (2) monitoring the system's investment guidelines, (3) providing actuarial information, and (4) auditing.

During Fiscal Year 2001, benefit payments totaled $111,985,064. Administrative expenses during this period were $835,215. During fiscal year 2001, expenses exceeded contributions by ($64,423,836). Investment expenses during this period was $3,127,367.

INVESTMENTS
The state statutes allow the system to make investments using the same care, skill, and diligence that a prudent person acting in a similar capacity would use. In keeping with this prudent person rule, the Board of Trustees has established investment guidelines. The system's investment managers are allowed full discretion in investment decisions within the confines of those guidelines and the statutory investment authority.

The balanced stock and bond portfolio experienced a negative 3.51% time-weighted rate of return for the 2001 fiscal year. Over the last ten fiscal years through June 30, 2001, our balanced fund earned a time-weighted rate of 9.21%.

FUNDING
The Board of Trustees certifies to the Missouri Department of Transportation and the Missouri State Highway Patrol the actuarially determined percentages of payroll necessary to meet the system's obligations. Realizing the importance of maintaining a financially sound system, the participating employers have never failed to contribute the amounts certified by the Board of Trustees.

REPORT CONCLUSION & DISTRIBUTION
This report is a product of the combined efforts of the HTEHPRS' staff and advisors functioning under your leadership. It is intended to provide complete and reliable information, which will facilitate the management decision making process; serve as a means for determining compliance with legal requirements; and allow for the evaluation of responsible stewardship of the funds of the system.

Copies of this report are provided to the Governor, the State Auditor, and the Joint Committee on Public Employee Retirement. It is also being distributed to all Missouri Department of Transportation Division and District offices and Missouri State Highway Patrol General Headquarters and Troop offices. These offices form the link between HTEHPRS and its members, and their cooperation contributes significantly to the success of HTEHPRS. We hope all recipients of this report find it informative and useful. Copies to others will be furnished upon request.

ACKNOWLEDGMENTS
I would like to take this opportunity to express my gratitude to you, the staff, the advisors, the Governor's Task Force on Total Compensation, and other people who have worked so diligently to assure the continued successful operation of the system.

Respectfully submitted,

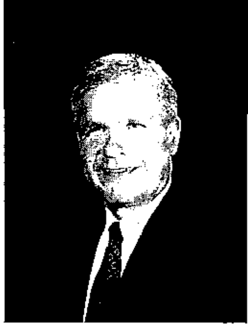
Norm Robinson

Norm Robinson
Executive Director

BOARD OF TRUSTEES

The Highway and Transportation Employees' and Highway Patrol Retirement System is governed by a Board of Trustees. As set out in Section 104.160 of the Revised Statutes of Missouri, the Board is comprised of the following ten members:

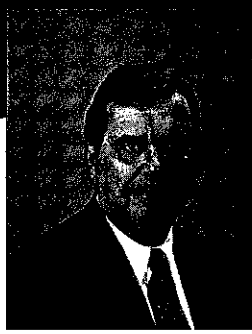
W.L. "Barry" Orscheln



Board Chairman

Highway & Transportation Commissioner
Term Expires 12-1-2003

William E. Gladden



Board Vice-Chairman

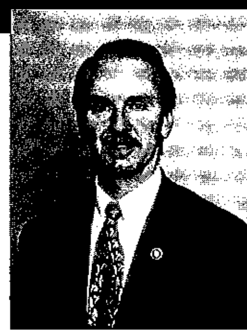
Highway & Transportation Commissioner
Term Expires 12-1-2001

Edward D. Douglas

Commission Member

Highway & Transportation Commissioner
Term Expires 10-13-2001

Senator Steve Stoll



State Senator

District 22
Appointed by President Pro-Tem of the Senate

Representative James P. O'Toole

State Representative

District 20
Appointed by the Speaker of the House

Colonel Roger Stottlemyre

Superintendent of The Missouri State Highway Patrol

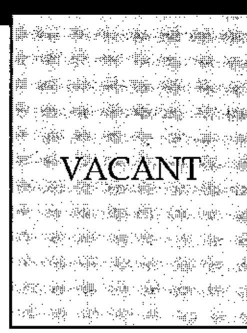
Henry Hungerbeeler

Director of the Missouri Department of Transportation

Larry Thompson

MoDOT Employees Representative

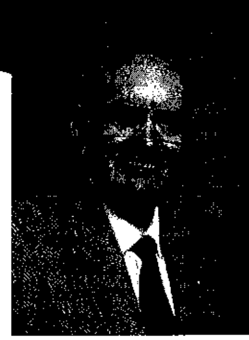
Elected by MoDOT Employees
Term Expires 7-1-2002



Highway Patrol Employees Representative

Elected by Patrol Employees
Term Expires 7-1-2002

Bill Shaw



Retiree Representative

Elected by Retired Members of the System
Term expires 7-1-2002

CHAIRMAN'S LETTER

Highway and Transportation Employees' and Highway Patrol RETIREMENT SYSTEM

July 16, 2001

To the Members of the Highway and Transportation
Employees' and Highway Patrol Retirement System:

On behalf of the Board of Trustees, we are pleased to present the Comprehensive Annual Financial Report of the Highway and Transportation Employees' and Highway Patrol Retirement System for the fiscal year ended June 30, 2001. This report provides information on the financial status of your retirement system while also highlighting significant changes that occurred during the year.

A review of the report confirms that, though faced with a difficult investment environment this year, the system remains well funded. The preservation and long-term growth of system assets remains the primary focus of the board to ensure that future benefit obligations will be met. HTEHPRS is strong and will, through the guidance of the board and the dedication of an outstanding staff, weather the uncertain times we are facing. We will be here for our members in the years to come.

During the past year, the Board's membership changed with the departure of Representative Gracia Backer. She ended her service with the State Legislature and thereby vacated her position as the House of Representatives' Member for the Board of Trustees. Rep. Backer served on the Board for a period of 10 years. Representative James P. O'Toole filled this position by appointment by the Speaker of the House of Representatives. The position of Superintendent of the Missouri State Highway Patrol was vacated due to the retirement of Colonel Weldon Wilhoit. Colonel Wilhoit served on the Board for a period of 3 years. This position was filled by Colonel Roger Stottlemyre upon his appointment by the Governor to succeed Colonel Wilhoit. Colonel Stottlemyre then vacated his position as the Patrol employee representative. At the May 4, 2001 Retirement Board meeting, the Board called a special election to fill the vacated position. On behalf of the board, staff, and membership, I would like to express our collective thanks to these individuals for serving, and for their many valuable contributions to the system.

Perhaps the most important duty of trustees is that of prudent investment fiduciaries for the HTEHPRS' trust fund. The board has worked diligently to develop a diversified investment program that will allow the system to meet or exceed our actuarial requirements, ensuring that retirement benefits for our members are properly funded with the lowest possible cost to participants and, ultimately, Missouri's taxpayers. The trustees are constantly striving to better educate ourselves as to the prudent management of the assets to which we have been entrusted. The board policy of preserving system assets and maximizing the long-term growth of those assets through diversification will continue to be our primary focus as we move into the next fiscal year.

At the end of the fiscal year, our net asset value was $1,413,243,548 with 9,106 active members and 6,192 benefit recipients.

I am proud of the HTEHPRS and would like to take this opportunity to thank the members, retirees, advisors, and staff who assist the board in the operation of our retirement system. On behalf of the Board of Trustees, we will continue to prudently manage the system so as to provide for a secure retirement future for each of our members.

In closing, I would like to thank the retirement system staff for continuing to maintain a high level of commitment and service to our plan participants. If you have any questions regarding this report, please contact the Retirement System office.

Sincerely,

Barry Orscheln
Chairman

ADMINISTRATIVE ORGANIZATION

PERSONAL SERVICES

The Executive Director of the Highway and Transportation Employees' and Highway Patrol Retirement System has charge of the offices and records of the system and hires such employees deemed necessary, subject to the direction of the Board of Trustees. The system employs four full-time staff.

The Chief Counsel of the Highway and Transportation Commission furnishes legal services and provides legal opinions of the retirement statutes as necessary for implementation.

Work assignments related to the Retirement System that are performed by Missouri Department of Transportation and Missouri State Highway Patrol personnel are considered duties in connection with their regular employment.

DIRECTOR'S OFFICE

Norm Robinson Executive Director	**Lois Wankum** Executive Secretary	**Michel Au Buchon** Retirement Clerk	**Angel Meyer** Retirement Clerk

MISSOURI DEPARTMENT OF TRANSPORTATION

LEGAL SERVICES

Rich Tiemeyer* Chief Counsel	**Paula Lambrecht*** Asst. Chief Counsel	**Dan Pritchard*** Senior Asst. Counsel

FINANCIAL/BENEFIT SERVICES

Mary Sue Fontana* Senior Business Specialist	**Marvin Klebba*** Senior Benefits Specialist	**Mariel Hale*** Senior Benefits Specialist
Mary Jordan* Account Technician	**Ginger Miller*** Senior Account Technician	**Flo Schulte*** Senior Account Technician

MISSOURI STATE HIGHWAY PATROL

BENEFIT SERVICES

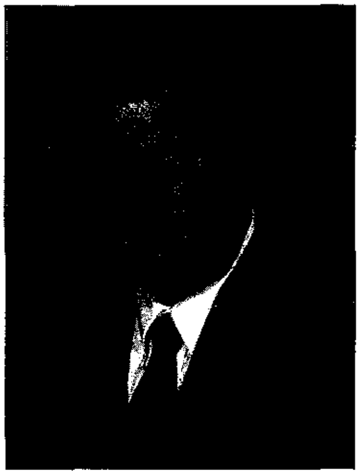
Captain Terry W. Moore** Director, Human Resources Division	**Theresa M. Backes**** Special Assistant
Brenda Thompson** Personnel Records Clerk II	**Bev Mauzy**** Personnel Records Clerk III

* *Employees of the Missouri Department of Transportation. The Retirement System reimburses the department for time spent by these individuals in performing retirement related duties.*

** *Employees of the Missouri State Highway Patrol.*

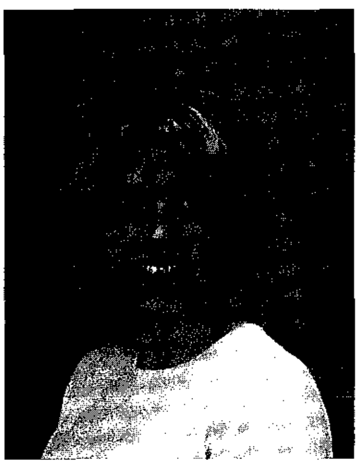
DIRECTOR'S OFFICE

The goal of the Highway and Transportation Employees' and Highway Patrol Retirement System is to provide quality customer service to its members. The interests of the taxpayers of the state of Missouri are safeguarded by the staff's ongoing review of retirement policies, procedures, investments, and legislation--all in an effort to improve the day-to-day business of the system.



Norm Robinson
Executive Director

Lois Wankum
Executive Secretary



Michel Au Buchon
Retirement Clerk

Angel Meyer
Retirement Clerk

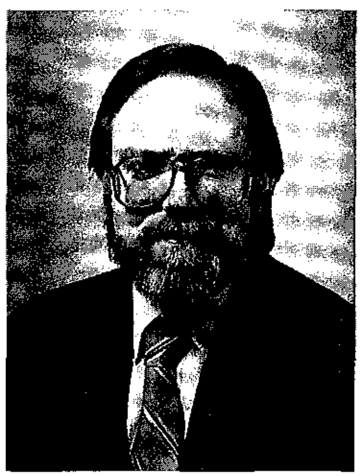
MISSOURI DEPARTMENT OF TRANSPORTATION

LEGAL SERVICES

Chief Counsel Rich Tiemeyer heads up the team handling legal matters affecting the Retirement System. The team reviews changes in retirement law and questions of interpretation affecting policy and procedure.

Rich Tiemeyer
Chief Counsel

Paula Lambrecht
Assistant Chief Counsel
Human Resources



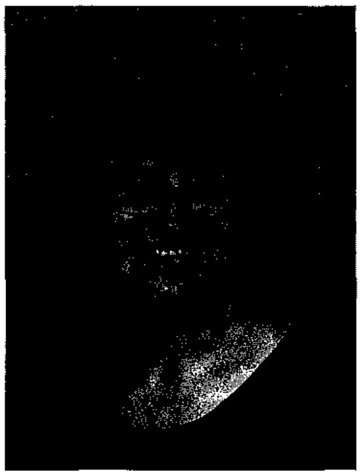
Dan Pritchard
Senior Assistant Counsel

MISSOURI DEPARTMENT OF TRANSPORTATION

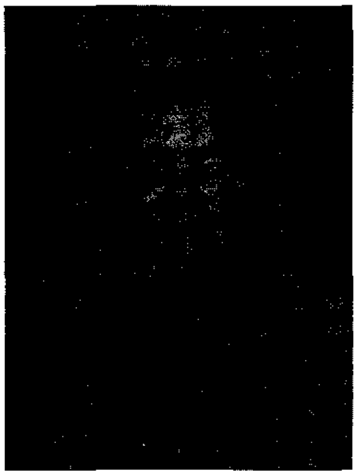
FINANCIAL/BENEFIT SERVICES

The financial services section handles the payroll and accounting functions of the Retirement System in the Controller's Office of the Missouri Department of Transportation. Mary Sue Fontana performs the accounting duties for the system, and Mary Jordan, Ginger Miller, and Flo Schulte prepare and review the retirement payroll for accuracy and correctness.

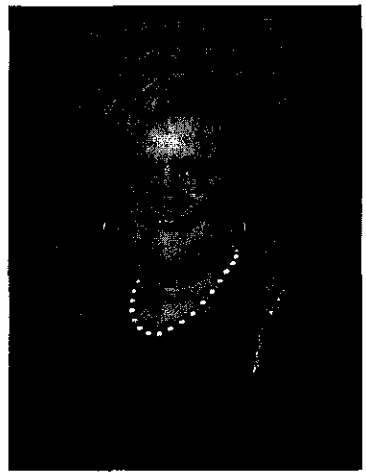
The benefit services section processes retirement applications, handles retirement inquiries, and assists with pre-retirement seminars and new employee orientations. Marvin Klebba and Mariel Hale also work closely with the Executive Director to analyze and evaluate questions regarding prior service credit and eligibility for disability.



Mary Sue Fontana
Senior
Business Specialist



Marvin Klebba
Senior Benefits
Specialist



Mariel Hale
Senior Benefits
Specialist

Mary Jordan
Account Technician

Ginger Miller
Senior Account Technician

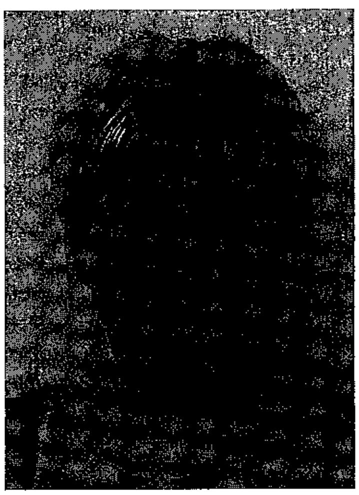
Flo Schulte
Senior Account Technician

MISSOURI STATE HIGHWAY PATROL

Human Resources employees of the Missouri State Highway Patrol assist retirement system staff in maintaining employment and prior service information for members of the system.

Captain Terry W. Moore
Director, Human
Resources Division

Theresa M. Backes
Special Assistant



Brenda Thompson
Personnel Records
Clerk II

Bev Mauzy
Personnel Records
Clerk III

PROFESSIONAL SERVICES

The following firms are retained by the Board of Trustees to serve in professional capacities or provide consultant services.

Actuary

Gabriel, Roeder, Smith
& Company
Southfield, Michigan

Auditor

Evers & Company, CPA's
Jefferson City, Missouri

Investment Managers

Alliance Capital Management
New York, New York

Artisan Partners
Milwaukee, Wisconsin

Rockwood Capital Advisors, LLC
St. Louis, Missouri

Rothschild Asset Management
New York, New York

UMB Investment Advisors
Kansas City, Missouri

Wachovia Corporation
Winston-Salem, North Carolina

Wellington Management Co.
Boston, Massachusetts

Investment Counsultant

Randy Kirkland
Asset Consulting Group
St. Louis, Missouri

Legislative Consultant

Jack Pierce
Jefferson City, Missouri

Master Trustee/Custodian

UMB Bank
Kansas City, Missouri

NOTES

Financial Section

In This Section

INDEPENDENT AUDITORS' REPORT

Evers & Company, CPA's, L.L.C.
Certified Public Accountants and Consultants

Elmer L. Evers
Jerome L. Kauffman
Richard E. Elliott
Dale A. Siebeneck
Keith L. Taylor
Lynn J. Graves

To the Board of Trustees of the
Highway and Transportation Employees'
and Highway Patrol Retirement System
Jefferson City, Missouri:

We have audited the accompanying statements of the plan net assets of the Highway and Transportation Employees' and Highway Patrol Retirement System (the Retirement System) as of June 30, 2001 and 2000, and the related statements of changes in plan net assets for the years ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts of disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the plan net assets of the Highway and Transportation Employees' and Highway Patrol Retirement System as of June 30, 2001 and 2000, and the changes in the plan net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary schedules of funding progress and employer contributions on pages 13 through 16 are not a required part of the basic financial statements of the System, but are required by the Governmental Accounting Standards Board (GASB). The supplementary information included on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Retirement System. Such information, included on pages 13 through 17, have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Evers & Company, CPA's, LLC

EVERS & COMPANY, CPA's, L.L.C.
Jefferson City, Missouri

January 14, 2003

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3938 Hwy. 54, Suite A • Osage Beach, Missouri 65065 • 573/348-4141 • FAX 573/348-0989

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STATEMENT OF PLAN NET ASSETS

YEARS ENDED JUNE 30, 2001 AND 2000

	2001	2000
ASSETS:		
Cash	$ 852,604	$ 0
Receivables		
Contributions	687	1,040,778
Accrued interest and dividends	7,429,812	8,318,046
Investment sales	4,788,155	868,925
Total Receivables	12,218,654	10,227,749
Investments, at fair value (Note 2)		
Common & preferred stocks	878,252,240	987,372,552
Government and government agency securities	318,596,790	253,151,774
Corporate bonds	114,310,861	137,428,109
Timberland	36,747,417	30,054,904
Short term investments	59,227,132	61,043,488
Total Investments	1,407,134,440	1,469,050,827
Prepaid expenses	0	343
Fixed Assets, net of depreciation	12,407	26,463
TOTAL ASSETS	1,420,218,105	1,479,305,382
LIABILITIES:		
Cash overdraft	0	58,906
Accounts payable	1,164,956	690,869
Investment purchases	5,809,601	888,223
TOTAL LIABILITIES	6,974,557	1,637,998
NET ASSETS HELD IN TRUST FOR PENSION BENEFITS	$ 1,413,243,548	$ 1,477,667,384

(A schedule of funding progress is presented in the Supplemental Information.)
See accompanying notes to financial statements.

STATEMENT OF CHANGES IN PLAN NET ASSETS

YEARS ENDED JUNE 30, 2001 AND 2000

	2001	2000
ADDITIONS		
Contributions	$ 81,353,019	$ 70,191,993
Investment income		
Net appreciation (depreciation)		
(gains/losses and changes in market value)	(74,163,327)	7,838,751
Interest and dividends	44,253,447	46,754,868
Securities lending net income	80,671	94,899
Total Investment Income	(29,829,209)	54,688,518
Less Investment Expenses	3,127,367	2,663,282
Net Investment Income (loss)	(32,956,576)	52,025,236
Total Additions	48,396,443	122,217,229
DEDUCTIONS		
Monthly benefits	111,985,064	95,402,854
Administrative expenses	835,215	665,941
Total Deductions	112,820,279	96,068,795
NET INCREASE (DECREASE)	(64,423,836)	26,148,434
Net Assets Held in Trust for Pension Benefits		
Beginning of Year	1,477,667,384	1,451,518,950
End of Year	$ 1,413,243,548	$ 1,477,667,384

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2001 AND 2000

1. PLAN DESCRIPTION:

General

The Missouri Highway and Transportation Employees' and Highway Patrol Retirement System (the Retirement System) was established by, and is administered by, a Board of Trustees in accordance with the Revised Statutes of Missouri (RSMo). The Retirement System is a single-employer public employee retirement system which provides retirement, death, and disability benefits to full-time (defined as anticipating at least 1,000 hours to be worked annually) employees of the Missouri Department of Transportation and the Missouri State Highway Patrol. Due to the nature of the Retirement System, reliance on the funding from the State of Missouri and the overall control of policies by state officials, the Retirement System is considered a part of the State of Missouri financial reporting entity. The Retirement System is not subject to the provisions of the Employee Retirement Income Security Act of 1974.

Membership in the Retirement System at June 30, 2001 and 2000 consisted of the following:

	2001	2000
Retirees and beneficiaries currently receiving benefits	6,011	5,857
Disability recipients	111	186
Long-term disability recipients	70	76
Vested terminated employees	1018	912
Active with vested benefits	6,196	6,328
Active without vested benefits	2,910	2,843
Total	16,316	16,202

Benefits

Benefits in the Retirement System currently vest after five years of creditable service. For members retiring prior to August 28, 1994, normal retirement age is 65 with four years of creditable service (55 for members of the uniformed patrol), with the retirement annuity based on a formula which considers average final compensation and number of years of creditable service. Non-uniformed employees are eligible for an unreduced annuity at age 65 with four years of creditable service, or age 60 with fifteen years of creditable service, or age 50 with age and service equalling 80 or more. Non-uniformed employees may retire with a reduced annuity on or after age 55 with at least ten years of creditable service. Uniformed employees are eligible for an unreduced annuity at age 55 with four years of creditable service. See "Amendments to the Retirement System" for changes made in normal retirement age and other benefit changes effective August 18, 1994, or January 1, 1995.

State statutes provide for special consultant fees to be paid to certain retirees along with the normal retirement benefits. These retirees have been appointed by the Board of Trustees to serve as consultants on the problems of retirement, aging, and other state matters. For such services provided, special consultant fees are paid monthly in amounts equal to the incremental increases in retirement benefits that would have been received had those persons benefited from changes in the law that affected increases in the retirement formula enacted since their retirement. Benefit provisions are established by state statute and may be amended only by action of the Missouri State Legislature.

The Retirement System also provides survivor, disability, and lump-sum death benefits. Survivor benefits are payable to a surviving spouse or minor children of active employees who die after earning three years of creditable service. The annuity paid to the survivor is based on a percentage of the accrued benefit at the time of death. All disability benefits are offset by any workers' compensation benefits. Duty-related disability benefits are 70% (not to exceed 90%) of salary at the time of disability. Normal disability benefits are based on the accrued annuity at the date of disability. Long-term disability benefits are 60% of salary immediately prior to the disability, less any Social Security benefit. Those who retire from active employment subsequent to September 28, 1985, with an immediate pension, are provided a $5,000 lump-sum death benefit to be paid to a designated beneficiary.

Contributions

Contributions to the Retirement System are made by the State of Missouri. Employees do not contribute to the Retirement System. The Retirement System's funding policy provides for actuarially determined employer contributions using the entry-age normal cost method on a closed group basis (consisting of normal cost and amortization of any unfunded accrued liabilities over a 35-year period). Actuarially determined rates, expressed as percentages of annual covered payroll, provide for amounts sufficient to fund those benefits designated by state statute to be funded in advance. Actuarial assumptions used to compute contribution requirements are the same as those used to compute the pension benefit obligation as discussed in Note 3. Contributions for the special consultant fees are being funded on an actuarial basis.

Contributions totaling $81,353,019 and $70,191,993 for Fiscal Years 2001 and 2000, respectively, represent funding of normal costs and amortization of the unfunded accrued liability. Contribution rates determined by the Retirement System's actuary for the years ended June 30, 2001, and 2000 are as follows:

	2001		2000	
	Non-uniformed	Uniformed	Non-uniformed	Uniformed
Normal cost	10.68%	12.73%	22.00%	30.44%
Amortization of unfunded accrued liability	12.43	21.93		
Expenses	.18	.28		
LTD			.08	.08
Total contribution rate	23.29%	34.94%	22.08%	30.52%

Amendments to the Retirement System

Benefits of the Retirement System, as discussed above, were effected by House Bill 1149 (HB 1149) which was approved and made effective, for most provisions, August 28, 1994, with the remainder effective January 1, 1995. The Bill provides for the following changes:

- Normal Retirement--members 50 or older are entitled to retire with a normal annuity and elect any of the survivor benefits if the sum of their age and service totals 80 or more. This provision was effective August 28, 1994.

- Increase In Formula Multiplier--the multiplier utilized in the retirement benefit formula increased from 1.5% to 1.6% effective January 1, 1995. This increase is also retroactive to individuals whose retirement date is before January 1, 1995.

- Survivor's Cost of Living Adjustment (COLA)--beneficiaries receiving benefits qualify for the annual minimum 4% to a maximum 5% COLA. Those beneficiaries now receiving a benefit are limited to 65% of the benefit they are receiving in total COLAs. Those who begin receiving COLAs after the effective date are limited to 65% of their initial benefit.

- Pop-Up Provision--retired members and future retirees whose spouse precedes them in death who have chosen a spouse option that reduced their initial retirement benefit will have their monthly benefit adjusted to the amount they would be receiving if they had not chosen the option. This provision was effective August 28, 1994.

- Minimum Benefit--effective January 1, 1995, the minimum benefit increased to $15 from the prior level of $12. As a result, a member's normal annuity amount cannot be less than the total years of service multiplied by $15.

- Purchase of service for uniformed patrol--effective August 28, 1994, uniformed patrol members who previously served in the police force of any city will be allowed to purchase creditable service time of up to four years maximum.

Benefits of the Retirement System were also affected by House Bill 356 effective August 28, 1997. The amended provisions are as follows:

- For current active and inactive employees, annual COLA's continue at 80% of the change in the CPI, limited to the 4%-5% range. After the 65% cap, COLA's will be 80% of the change in the CPI limited to a range of 0%-5%.

- For employees hired after August 28, 1997, the COLA will be 80% of the change in the CPI, with a range of 0%-5%.

On July 10, 1999, Governor Mel Carnahan signed into law Senate Bills 308 and 314 (SB308)-legislation that creates a new retirement plan for eligible state employees. The new retirement plan, effective July 1, 2000, is commonly referred to as the Year 2000 Plan.

This new plan is for employees hired on or after July 1, 2000, that would otherwise be participants in the existing Closed Plan that is administered by the Highway and Transportation Employees' and Highway Patrol Retirement System. All retired members prior to July 1, 2000, will be allowed to participate in the Year 2000 Plan. Furthermore, employees covered by the Closed Plan, who are active on the effective date of the new plan, and terminated-vested members will be able to elect which plan they wish to retire under at the time of retirement.

SB308 also makes the following changes to the Year 2000 Plan as well as the existing Closed Plan:

- Effective July 1, 2000, a member who is not married at retirement but marries thereafter will be allowed to designate a spouse as beneficiary upon completion of one year of marriage. In addition, the member can designate a new spouse as beneficiary upon completion of one year of marriage in the event of the death of a spouse the member was married to at the date of retirement. These designations, however, must occur within six months after the completion of one year of marriage;

- The definition of average compensation is modified to allow the system to consider the compensation an employee would have earned during a medical leave of absence just as if the employee had been able to work. Allows the Final Average Pay (FAP) to be calculated properly based on a state payroll system (lag payroll) adopted on or after January 1, 2000;

- Effective August 28, 1999, SB308 will provide a minimum annuity in the amount of 50% of a member's FAP to a survivor or unemancipated children under age 21 in the event of duty-related death. In such instances, there is no minimum length of service requirement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The financial statements were prepared using the accrual basis of accounting. Plan member contributions are recognized as revenues in the period in which employee services are performed. Expenses are recorded when the corresponding obligations are incurred.

Method Used to Value Investments

Investments are reported at fair value on a trade date basis. Short-term investments are reported at cost, which approximates fair value. Bonds and stocks traded on a national or international exchange are valued at the reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair value.

Dividend income is recognized when dividends are declared. Interest income is recognized when earned.

Investments

	2001		2000	
	Carrying Amount	Market Amount	Carrying Amount	Market Amount
Government and government agency securities	$ 313,290,564	$ 318,596,790	$ 256,304,101	$ 253,151,774
Corporate bonds	113,082,946	114,310,861	140,511,417	137,428,109
Common and preferred stocks	851,132,311	878,252,240	723,488,252	987,372,552
Timberland	30,000,000	36,747,417	30,000,000	30,054,904
Short-term investments	58,957,794	59,227,132	60,944,858	61,043,488
Total investments	$1,366,463,615	$1,407,134,440	$1,211,248,628	$1,469,050,827

The timberland investments consist of forestland with trees suitable for harvesting timber.

Cash

As of June 30, 2001, and 2000, the Retirement System had cash with a book balance of $852,604 and ($58,906), respectively, and a bank balance of $317 and $328, respectively. The bank in which this cash is held is required to pledge securities sufficient to collateralize these accounts. As of June 30, 2001, and 2000, the market value of this collateral was sufficient.

Categories of Asset Risks

The investments of the Retirement System are governed primarily by an investment authority known as the "prudent person rule." The prudent person rule, as set forth by State statute, establishes a standard for all fiduciaries, which includes anyone that has authority with respect to the fund. The Retirement System's investments are categorized to give an indication of the level of risk assumed by the fund at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the Retirement System or its agent in the Retirement System's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Retirement System's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department but not in the Retirement System's name. As of June 30, 2001, and 2000, all investments of the Retirement System, except real estate mortgages, are classified in Category 3. Real estate investments are not considered securities and, as such, are not categorized for credit risk.

Related-Party Transactions
The Retirement System reimburses the Missouri Highway and Transportation Commission for accounting, management, legal, data processing services, office space, and utilities. This amounted to $437,156 for June 30, 2001, and $343,971 for June 30, 2000.

Office Equipment and Fixtures
The office equipment and fixtures which are presented at cost, are depreciated on the straight-line method over the estimated useful lives of the related assets. The estimated useful lives are as follows:

furniture - 10 years, and equipment - 5 years

Receivables
Receivables consist primarily of contributions owed and yet to be remitted by the employer, pending investment trades and interest and dividends.

Use of Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. CONCENTRATIONS:

No investments in any one organization (other than those issued by the U.S. Government) represent five percent of plan net assets.

4. COMPENSATED DEFERRED ABSENCES:

Expenses for accumulated annual leave earned by employees are recorded when earned by the employee. The balance owed was $23,389 and $17,342 as of June 30, 2001, and 2000, respectively.

5. RETIREMENT PLAN:

The Retirement System employs six people, four full-time and two part-time. Four employees are covered by the Retirement System. Upon retirement, benefits paid to Retirement System employees are considered to be administrative expenses of the System.

6. SECURITIES LENDING PROGRAM:

Under the "prudent person" authority of the governing statutes and in accordance with the policies set by the Board of Trustees, the System lends its securities to broker-dealers and banks pursuant to a form of loan agreement. The System's custodial bank is authorized to lend available securities to approved broker-dealers and banks subject to the receipt of acceptable collateral.

During the fiscal year, the System lent securities and received cash, securities insured or guaranteed by the US government or its agencies, and irrevocable bank letters of credit as collateral. The System did not have the ability to pledge or sell collateral securities absent a borrower default. Borrowers were required to deliver collateral for each loan equal to: (1) in the case of loaned securities denominated in dollars or whose primary trading market was located in the United States, 102% of the market value of the loaned securities; and (2) in the case of loaned securities not denominated in US dollars or whose primary trading market was not located in the United States, 105% of the market value of the loaned securities.

The System did not impose any restrictions during the fiscal year on the amount of the loans that the custodial bank made on its behalf. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the year. There were no losses during the year resulting from a default of the borrowers or the custodial bank.

The System and borrowers maintained the right to terminate all securities lending transactions on demand. The average duration of cash collateral in a collective investment pool was unavailable as of the report date. Because the loans were terminable at will, their duration did not match the duration of the investments made with the cash collateral. On June 30, 2001 and 2000, the System had no credit risk exposure to borrowers.

At June 30, 2001, and 2000, the System earned $80,671 and $94,899 respectively on the securities lending program.

7. SUBSEQUENT EVENTS:

BackDROP

Legislation effective January 1, 2002 provides a Deferred Retirement Option Provision (BackDROP) to members of the System. It is available in both the Closed Plan and the Year 2000 Plan.

To be eligible to participate in the BackDROP, a member must have been eligible to retire under normal age and/or service conditions for at least two years. A retroactive starting date is established for BackDROP purposes which, at the earliest, is the later of: 1) the member's normal retirement date or 2) five years prior to the annuity starting date under the retirement plan selected by the member.

The BackDROP period for the accumulation of the BackDROP account is from the retroactive starting date to the annuity starting date. This results in a BackDROP period of two to five years depending upon the individual situation.

A theoretical BackDROP account is accumulated that includes 90% of the value of the benefit payments that would have been paid during the BackDROP period had the member retired at the retroaction starting date with their respective option election. These payments include applicable post-retirement benefit increases.
The member is paid the resulting lump sum value of the BackDROP account as of the annuity starting date or as three equal installments beginning at the annuity starting date.

The annuity benefit payable from the actual retirement date is computed with years of service and average pay as of the retroactive starting date for the BackDROP. Post-retirement benefit increases that occurred during the BackDROP period are applicable in the calculation of the monthly annuity.

SCHEDULE OF FUNDING PROGRESS [1]

REQUIRED SUPPLEMENTARY INFORMATION

Date of Valuation	Actuarial Asset Value (a)	Actuarial Accrued Liability (AAL)-Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
06/30/1992	$ 622,018,133	$ 904,097,721	$ 282,079,588	68.80%	$ 220,919,382	127.68%
06/30/1993	688,963,225	1,000,704,491	311,741,266	68.85	228,032,159	136.71
06/30/1994	746,946,221	1,204,313,635	457,367,414	62.02	236,748,214	193.19
06/30/1995	831,031,253	1,330,909,279	499,878,026	69.95	243,561,510	205.24
06/30/1996	916,553,828	1,429,910,844	513,357,016	64.10	254,712,739	201.54
06/30/1997	1,015,906,708	1,651,811,690	635,904,982	61.50	271,070,643	234.59
06/30/1998	1,126,961,804	1,744,052,411	617,090,607	64.62	278,690,426	221.43
06/30/1999 [3]	1,242,744,403	2,052,700,427	809,956,023	60.54	288,068,083 [2]	281.17
06/30/2000 [4]	1,339,228,528	2,180,963,695	841,735,167	61.41	301,421,805 [2]	279.25
06/30/2000 [5]	1,422,796,011	2,188,826,322	766,030,311	65.00	301,421,805 [2]	254.14
06/30/2001	1,520,800,409	2,301,402,527	780,602,118	66.08	323,400,023 [2]	241.37

(1) *Since the Long-Term Disability (LTD) Plan uses the aggregate funding method, this schedule is not required for the LTD Plan and the assets and liabilities have been excluded.*

(2) *Estimated.*

(3) *Introduction of Year 2000 Plan; change in actuary.*

(4) *Old assumptions.*

(5) *New assumptions adopted.*

SCHEDULE OF EMPLOYER CONTRIBUTIONS [1]
AND DEVELOPMENT OF NET PENSION OBLIGATIONS

YEAR ENDED JUNE 30, 2001
REQUIRED SUPPLEMENTARY INFORMATION

Uniform

Fiscal Year Ending	Covered Payroll	Actual Employer Contributions	Actual Employer Contribution %	Required Contribution (ARC)%	Annual Pension cost (APC)	Annual Percentage of APC Contributed	Net Pension Obligation
06/30/1992	$ 30,606,601	$ 11,101,014	36.27%	36.27%	$ 11,101,014	100.00%	0
06/30/1993	31,004,803	9,868,829	31.83	31.83	9,868,829	100.00	0
06/30/1994	32,715,429	9,739,383	29.77	29.77	9,739,383	100.00	0
06/30/1995	35,232,287	14,462,854	41.05	41.05	14,462,854	100.00	0
06/30/1996	39,557,621	15,743,114	39.17[3]	39.17	15,743,114	100.00	0
06/30/1997	42,242,106	16,546,233	39.17	39.17	16,546,233	100.00	0
06/30/1998	43,987,039	16,600,708	37.74	37.74	16,600,708	100.00	0
06/30/1999[4]	43,882,573[2]	13,901,999	31.68	31.68	13,901,999	100.00	0
06/30/2000[5]	44,297,237[2]	13,484,079	30.44	30.44	13,484,079	100.00	0
06/30/2001	50,088,675[2]	17,500,983	34.94	34.94	17,500,983	100.00	0

(1) *Contributions for the Long-Term Disability Plan are de minimus and are excluded from this schedule.*
(2) *Estimated.*
(3) *41.05% 7/1/95-10/31/95*
39.17% 11/1/95-6/30/96
(4) *Introduction of Year 2000 Plan; change in actuary.*
(5) *New assumptions adopted.*

Non-Uniform

Fiscal Year Ending	Covered Payroll	Actual Employer Contributions	Actual Employer Contribution %	Annual Required Contribution (ARC)%	Annual Pension cost (APC)	Percentage of APC Contributed	Net Pension Obligation
06/30/1992	$190,312,781	$37,929,337	19.93%	19.93%	$37,929,337	100.00%	0
06/30/1993	197,027,356	41,454,556	21.04	21.04	41,454,556	100.00	0
06/30/1994	204,032,785	40,949,380	20.07	20.07	40,949,380	100.00	0
06/30/1995	208,329,222	56,144,725	26.95	26.95	56,144,725	100.00	0
06/30/1996	215,155,118	56,842,321	26.15[3]	26.15	56,842,321	100.00	0
06/30/1997	228,828,537	59,838,662	26.15	26.15	59,838,662	100.00	0
06/30/1998	234,703,387	61,140,232	26.05	26.05	61,140,232	100.00	0
06/30/1999[4]	244,185,511[2]	54,990,577	22.52	22.52	54,990,577	100.00	0
06/30/2000[5]	257,124,568[2]	56,567,405	22.00	22.00	56,567,405	100.00	0
06/30/2001	273,311,348[2]	63,654,213	23.29	23.29	63,654,213	100.00	0

(1) *Contributions for the Long-Term Disability Plan are de minimus and are excluded from this schedule.*
(2) *Estimated.*
(3) *26.95% 7/1/95-10/31/95*
26.15% 11/1/95-6/30/96
(4) *Introduction of Year 2000 Plan; change in actuary.*
(5) *New assumptions adopted.*

NOTES TO THE SCHEDULES OF TREND INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation Date .... June 30, 2001
Actuarial Cost Method .... Entry Age Normal
Amortization Method .... Level Percent, Closed
Remaining Amortization Period .... 35 Years
Asset Valuation Method .... 3-Year Smooth Market Average

Actuarial Assumptions:
Investment Rate of Return 8.25%
Projected Salary Increases* .... 4.3% to 8.0%
*Includes Inflation at 4.0%
Cost-of-living Allowances 3.5%

SCHEDULE OF ADMINISTRATIVE EXPENSES

YEAR ENDED JUNE 30, 2001
REQUIRED SUPPLEMENTARY INFORMATION

	2001	2000
PERSONAL SERVICES		
Salary	$ 156,203	$ 125,557
Employee Fringe Benefits	52,883	40,974
Total Personal Services	209,086	166,531
PROFESSIONAL SERVICES		
Actuary	35,000	22,755
Audit	6,300	9,525
Government Consultant	15,000	15,000
Total Professional Services	56,300	47,280
MISCELLANEOUS		
Agency expense	437,156	343,971
Depreciation	13,355	8,772
Board & Staff Development	25,461	35,632
Office supplies	16,955	10,410
Postage	36,915	40,359
Insurance premium	343	343
Bank service charge	5,132	4,953
Other	34,512	7,790
Total Miscellaneous	569,829	452,130
Total Administrative Expenses	$ 835,215	$ 665,941

SCHEDULE OF INVESTMENT EXPENSES

YEAR ENDED JUNE 30, 2001

	Assets Under Mgt. at 6/30/01 (market value)	Fees Accrued During FY01
Investment Manager Fees:		
UMB Investment Advisors	$ 747,017,047	$ 638,922.00
Rothschild Asset Management	80,889,777	446,112.79
Alliance Capital Management	136,603,822	499,907.01
Wachovia Corporation	36,747,417	284,169.48
Rockwood Capital Advisors	181,204,887	99,843.14
Artisan Partners	70,780,660	210,671.90
Wellington Management Company	152,051,798	262,133.50
Total Investment Manager Fees		2,441,759.00
Other Investment Fees:		
Asset Consulting Group		95,000.00
Investment Expenses		340,682.00
Investment Custodian (UMB)		249,926.00
Total Other Investment Fees		685,608.00
Total Investment Expense		$ 3,127,367.00

Investment Section

In This Section

LETTER FROM CONSULTANTS

Asset Consulting Group, Inc.
7700 Bonhomme Avenue, Suite 650
St. Louis, Missouri 63105

September 30, 2001

Mr. Norman Robinson
Executive Director
Highway and Transportation Employees'
and Highway Patrol Retirement System
P.O. Box 1930
Jefferson City, MO 65102-1930

Dear Mr. Robinson:

As we conclude the fiscal year ending June 30, 2001, we would like to summarize the overall performance of the Highway Transportation Employees' and Highway Patrol Retirement System (HTEHPRS) investment portfolio.

As of June 30, 2001 the total investment portfolio had a market value of $1,413,407,336. Equities represented 62.2% of the total investment portfolio, with the balance of the portfolio being comprised of domestic fixed-income (32.5%), timber (2.6%) and cash equivalents (2.7%).

During the 12 months ending June 30, the Fund had a total return (comprised of both income and price change) of -2.6%, compared to an overall pension fund median return of -1.5% over the same interval. By comparison, an allocation index consisting of unmanaged index returns comprising the same asset allocation as the overall Fund returned -4.4% over the same 12 months. During this interval, large cap US stocks suffered setbacks in a difficult market environment significantly lagging the excellent returns from bonds. The S&P 500 posted a -14.8% return, compared to the Lehman Aggregate bond index at 11.2%. Unlike the prior fiscal year, the Fund's large cap domestic equity portfolio outpaced the overall US stock market (-8.1%, compared to the S&P 500 at -14.8%). During the trailing 12 month period, the Board restructured the overall equity portfolio, which resulted in what we believe will be a better diversified structure leading to more competitive returns.

International equities lagged US equities during this 12 month period, with the MSCI EAFE index posting a return of -23.3%. Fortunately, the Fund's international equity manager outperformed the EAFE index by a wide margin, with a return of -15.8%. Although the international equity component detracted from overall equity results, the active management of this allocation provided better than market results during this difficult period.

The Fund's fixed income allocation was diversified among different styles this year and, as with the equity component, a new manager was added to the team of advisors. Since several accounts were transitioned to new management during this 12 month period, including some fixed income allocations, results are mixed over the last fiscal year. In general, the overall fixed income composite posted returns of 10.1%, compared to bond index returns for intermediate to core duration accounts slightly in excess of 11%

Overall Fund returns for the trailing 3 and 5 year periods ending June 30 were 4.1% and 8.1%, respectively, on an annualized basis. These returns lag the median returns of other pension funds (5.8% and 10.3%, respectively over the 3 and 5 year intervals).

We appreciate the opportunity to be of service to the HTEHPRS and look forward to working with you and your colleagues.

Sincerely,

Randall L. Kirkland, CFA
Managing Director

INVESTMENT SUMMARY

YEAR ENDED JUNE 30, 2001

	6/30/2001				6/30/2000				
	Book Value	**Market Value**	**Purchased**	**Sales & Redemptions**	**Book Value**	**Market Value**	**% of Total Market**	**Projected Income**	**Projected Yield**
Fixed Income									
US Gov't. & Agency	$ 282,014,447	$ 278,831,308	$ 120,155,979	$ (81,425,230)	$ 326,514,313	$ 334,357,680	23.81 %	$21,406,437	6.40%
Corporate	144,727,734	141,838,767	33,841,108	(76,105,187)	96,710,709	106,216,861	7.56	6,710,427	6.32
Foreign	8,028,980	7,946,060	1,745,397	(4,591,609)	5,965,328	5,998,465	0.43	428,874	7.15
Total Fixed Income	434,771,161	428,616,135	155,742,484	(162,122,026)	429,190,350	446,573,006	31.80	28,545,738	6.39
Equity									
Consumer Staples	45,225,022	52,510,753	32,543,060	(27,403,460)	60,779,781	61,869,824	4.41	1,228,008	1.98
Health Care	54,980,314	106,980,894	62,185,258	(53,902,326)	97,293,628	111,619,511	7.95	1,027,184	0.92
Consumer Discretionary	87,445,335	102,381,978	67,135,769	(35,967,835)	117,727,021	133,551,782	9.51	1,044,132	0.78
Info Technology	146,889,995	241,718,634	108,480,367	(107,611,337)	156,374,763	139,914,162	9.96	768,647	0.55
Industrials	64,154,420	77,200,005	50,215,773	(30,325,564)	93,564,248	99,275,462	7.07	1,056,400	1.06
Materials	43,160,302	38,432,556	19,438,789	(32,997,983)	30,363,364	29,927,138	2.13	608,810	2.03
Energy	50,316,035	80,531,410	40,055,016	(63,894,274)	58,065,466	60,335,694	4.30	990,684	1.64
Utilities	33,948,542	47,254,697	21,809,377	(44,964,778)	30,421,536	29,463,384	2.10	823,527	2.80
Telecom Services	40,156,180	66,546,715	33,477,573	(34,264,289)	54,790,944	51,184,557	3.64	915,615	1.79
Finance	61,307,606	68,276,798	86,014,389	7,085,688	150,096,721	160,038,779	11.40	2,687,458	1.68
Total Equity	627,583,751	881,834,440	521,355,372	(424,246,157)	849,477,472	877,180,293	62.47	11,150,465	1.27
Total Short Term	18,202,571	18,220,602	1,067,872,478	(1,040,518,766)	34,650,415	45,561,777	3.24	1,119,386	2.46
Total Real Estate	30,000,000	30,054,904	0	0	30,000,000	35,006,571	2.49	0	0.00
Total Investments	$1,110,557,483	$1,358,726,081	$1,744,970,333	$(1,526,886,949)	$1,343,318,237	$1,404,321,647	100.00%	$40,815,589	2.91%

This Schedule uses book and market values as shown on the financial statement. Short term purchases are increased by the amount bonds becoming less than 1 year; sales represent sales of bonds due in 1 year. Similar adjustments have been made to the respective Bond categories.

TIME WEIGHTED PERCENTAGE RATES OF RETURN

FISCAL YEAR ENDED JUNE 30, 2001

Long-Term Averages

	5-Year	10-Year	1997	1998	1999	2000	2001
Total Fund	**8.13%**	**9.21%**	**15.06%**	**14.07%**	**11.72%**	**4.49%**	**(3.51)%**
Equities	15.45	14.25	22.97	19.80	14.83	3.71	(15.64)
Fixed Income	8.16	11.17	7.58	8.51	5.04	4.96	10.56
Short Term	7.31	7.39	5.51	5.62	5.14	4.95	5.50
MO/Small Business	N/A	N/A	0.01	26.02	N/A	N/A	N/A

LARGEST INVESTMENT HOLDINGS

FISCAL YEAR ENDED JUNE 30, 2001

Largest Equity Securities

Shares	Security	Market Value
468,760	Citigroup Inc.	$24,769,278
409,500	General Electric Co.	19,963,125
185,177	Exxon Mobil	16,175,211
218,300	Microsoft Corp.	15,935,900
274,800	AOL Time Warner Inc.	14,564,400
359,525	Pfizer Inc.	14,398,976
144,650	American International Group	12,296,697
183,060	Verizon Communications	9,793,710
105,700	Federal National Mortgage Association	8,987,671
185,310	J.P. Morgan Chase Co.	8,264,826

Largest Fixed Income Securities

Par	Security	Market Value
21,743,320	Gov't. National Mtg. Assn., 7.50%, 12/15/2028	$22,386,922
21,000,000	US Treasury Note, 4.25%, 11/15/2003	20,901,510
18,785,000	Federal Home Loan Mortgage Corp., 5.75%, 7/15/2003	19,154,877
11,500,000	U.S. Treasury Note, 6%, 8/15/2009	11,960,000
11,150,000	Federal Home Loan Mortgage Corp., 6.25%, 7/15/2004	11,501,894
10,091,504	Federal Home Loan Mortgage Corp., 7%, 1/1/2030	10,163,356
9,470,000	U.S. Treasury Note, 5.75%, 11/15/2005	9,751,164
6,700,000	Federal Home Loan Mortgage Corp., 6.875%, 1/15/2005	7,041,298
6,403,671	Federal Home Loan Mortgage Corp., 7.50%, 10/1/2029	6,538,148
5,969,715	Fed. National Mtg. Assn., 7.50%, 10/1/2029	6,097,049

Space and cost restrictions make it impractical to print the entire investment portfolio in this report. However, a portfolio listing is available for review in the office of the Executive Director of the Highway and Transportation Employees' and Highway Patrol Retirement System.

SCHEDULE OF BROKERAGE COMMISSIONS

Investment Brokerage Firm	Units	Commission	Commission Rate
ABN AMRO Incorporated	156,525	$ 9,119.17	$ 0.058
Adams, Harkness & Hill, Inc.	13,100	252.00	0.019
Allen & Company	2,600	130.00	0.050
Arnhold & S. Bleichroeder, Inc.	11,700	585.00	0.050
Autranet A Division of BNY ESI & Co.	2,100	86.00	0.041
Baird, Robert W., & Company Incorporated	122,700	5,383.00	0.044
Banc/America Secur.LLC, Montgomery DI	282,098	10,883.90	0.039
Bear Stearns	8,500	425.00	0.050
Bear Stearns & Co Inc.	728,578	30,370.48	0.042
Bernard Herold & Co., Inc.	7,800	390.00	0.050
BNY Brokerage Inc.	100	3.00	0.030
BNY ESI & Co - Alpha Division	453,800	6,807.00	0.015
Boston Institutional Services, Inc.	324,799	11,093.95	0.034
Bridge Trading Company	167,100	4,483.00	0.027
Broadcort Cap Corp./Sub of MLPF & S	9,900	495.00	0.050
Brown Brothers Harriman & Co.	32,734	1,636.70	0.050
B-Trade Services LLC	13,700	205.50	0.015
Buckingham Research Group, Inc.	135,400	7,548.00	0.056
Cantor Fitzgerald & Co.	457,600	6,518.00	0.014
Capital Asset Advisors	12,700	635.00	0.050
Capital Institutional Services, Inc.	806,675	24,310.75	0.030
Chapman Company (The)	9,600	414.00	0.043
Charles Schwab & Co., Inc.	14,700	735.00	0.050
CIBC World Markets Corp	148,500	7,686.00	0.052
Citation Group/BCC CLRG	59,900	3,062.00	0.051
Conning & Co/BCC CLRG	50,200	2,534.00	0.050
Correspondent Services Corporation	27,400	1,382.00	0.050
Credit Suisse First Boston Corporation	653,789	17,576.25	0.027
Davidson, D.A., & Co. Incorporated	51,600	2,248.00	0.044
DB Clearing Services	101,300	3,739.00	0.037
Deutsche Bank Securities, Inc.	537,489	19,468.45	0.036
Devon Securities	2,400	120.00	0.050
Direct	200	6.00	0.030
Donaldson Lufkin & Jenrette Sec Corp	421,800	17,018.00	0.040
Dowling & Partners Securities, LLC.	19,100	955.00	0.050
Dresdner Kleinwort Wasserstein Sec.	76,200	3,804.00	0.050
Edwards, A.G., & Sons, Inc.	114,700	5,953.00	0.052
Factset Data Systems (thru Bear Stearns)	78,400	3,875.00	0.049
First Tennessee Securities Corp.	43,900	2,082.00	0.047
First Union Capital Markets	227,200	12,412.00	0.055
Fox-Pitt Kelton Inc.	37,600	2,132.00	0.057
Frank Russell Securities, Inc.	50,000	2,500.00	0.050
Gerard Klauer Mattison & Company	29,900	989.00	0.033
Glazer, C.L., & Company	53,300	2,714.00	0.051
Goldman, Sachs & Co.	887,713	27,416.80	0.031
Gordon, Haskett & Company	5,800	290.00	0.050
Heflin & Co., LLC	2,500	100.00	0.040
Hoak Breedlove Wesneski & Co.	4,000	174.00	0.044
Hoenig & Company Inc.	121,800	5,994.50	0.049
Howard Weil Division - Legg Mason	17,200	860.00	0.050
Ingalls & Snyder	15,200	760.00	0.050
Instinet	174,700	3,132.00	0.018
Invemed Associates Inc. (Thru 352)	11,600	580.00	0.050
Investec Ernst & Company	75,750	2,290.50	0.030
Investment Technology Group, Inc.	211,800	4,236.00	0.020
ISI Group Inc.	8,700	522.00	0.060
J.P. Morgan Securities, Inc.	217,800	9,304.00	0.043
Janney Montgomery Scott Inc.	131,700	7,902.00	0.060
Jefferies & Company	272,250	4,898.00	0.018
Johnson Rice & Co.	2,500	125.00	0.050
Jones & Associates	174,200	7,226.00	0.041
Josephthal Lyon & Ross	21,400	1,070.00	0.050

SCHEDULE OF BROKERAGE COMMISSIONS

(continued)

Investment Brokerage Firm	Units	Commission	Commission Rate
Keefe Bruyette and Woods Inc.	18,200	$ 1,061.00	$ 0.058
King, CL, & Associates Inc.	49,060	2,877.60	0.059
Knight Securities Broadcort Cap Clea	28,500	289.00	0.010
KV Execution Services LLC	6,100	122.00	0.020
Leerink Swann & Co./IPO	1,100	55.00	0.050
Legg Mason Wood Walker, Inc.	27,900	1,329.00	0.048
Lehman Brothers Inc.	997,343	40,123.11	0.040
Lewco Securities Agent/Chase H & Q	31,000	1,218.00	0.039
Lewco Securities Agt/BNY Clear Serv	6,000	300.00	0.050
Lynch Jones & Ryan Inc	343,488	16,836.96	0.049
M. Ramsey King Securities Inc.	12,000	600.00	0.050
Maxus Corp.	3,000	180.00	0.060
McDonald & Company Securities, Inc.	109,900	4,496.00	0.041
McMahan Securities Co., L.P.	6,100	305.00	0.050
Merrill Lynch Professional Clearing	12,800	768.00	0.060
Merrill Lynch, Pierce, Fenner & Smith	2,219,939	73,383.26	0.033
Moors & Cabot, Inc./IPO Tracking	40,500	1,215.00	0.030
Morgan Keegan & Company Inc.	10,000	569.00	0.057
Morgan Stanley & Co., Incorporated	756,730	21,816.80	0.029
Neuberger and Berman	10,800	540.00	0.050
Northeast Securities, Inc.	8,100	405.00	0.050
Pacific Crest Securities	12,500	625.00	0.050
Pacific Growth Equities	2,700	135.00	0.050
Pennsylvania Merchant Group Limited	34,200	1,710.00	0.050
Precursor Group Inc. (the)	14,600	730.00	0.050
Prudential Securities Incorporated	717,975	24,200.36	0.034
Punk, Ziegel & Knoell/IPO Tracking	19,200	960.00	0.050
Raymond James & Associates Inc.	75,200	4,056.00	0.054
RBC Dain Rauscher Inc.	22,600	110.00	0.005
Robertson Stephens, Inc.	160,500	5,082.00	0.032
Salomon Smith Barney Inc.	832,277	37,367.50	0.045
Sanders Morris Mundy	6,400	320.00	0.050
Sanford C. Bernstein & Co., LLC	153,100	8,562.00	0.056
Scotia Capital (USA) Inc.	1,900	95.00	0.050
Scott & Stringfellow, Inc.	49,200	1,534.00	0.031
SG Cowen Securities Corp.	383,600	20,711.00	0.054
Sidoti and Company, LLC	13,800	804.00	0.058
Soundview Technology Group Inc.	44,000	2,200.00	0.050
Standard & Poors Securities Inc	130,400	5,099.50	0.039
Stephens, Inc.	13,900	557.00	0.040
Stifel, Nicolaus & Co., Inc.	3,200	160.00	0.050
Sturdivant & Co., Inc.	5,500	275.00	0.050
Suntrust Capital Markets, Inc.	74,100	3,458.00	0.047
Suntrust Equitable Securities	8,500	510.00	0.060
Thomas Weisel Partners, LLC	80,500	1,586.00	0.020
Thomson Institutional Services, Inc.	7,000	350.00	0.050
Tucker Anthony Cleary Gull	13,500	565.00	0.042
U.S. Bancorp Piper Jaffray Inc	110,600	3,523.00	0.032
UBS Painewebber Inc.	54,400	3,050.00	0.056
UBS Warburg LLC	469,300	21,202.00	0.045
US Clearing Institutional Trading	69,400	3,491.00	0.050
Van Der Moolen Spec USA, LLC Retail	1,900	95.00	0.050
Veritas Securities	63,300	2,338.00	0.037
Wachovia Securities Inc.	4,900	245.00	0.050
Weiss, Peck & Greer L.L.C.	14,200	741.00	0.052
Wells Fargo Van Kasper, LLC	7,900	474.00	0.060
Westminster RES ASOC/Broadcort Capt	20,300	1,015.00	0.050
William Blair & Company, LLC	7,400	391.00	0.053
Wilshire Associates Incorporated	708,206	22,399.21	0.032
Total Brokerage Fees	18,026,718	660,862.25	0.037

Actuarial Section

In This Section

ACTUARY'S CERTIFICATION LETTER

GABRIEL, ROEDER, SMITH & COMPANY
Consultants & Actuaries

One Towne Square • Suite 800 • Southfield, Michigan 48076 • 248-799-9000 • 800-521-0498 • fax 248-799-9020

February 19, 2003

The Retirement Board
Highway and Transportation Employees
and Highway Patrol Retirement System
P.O Box 1930
Jefferson City, Missouri 65102-1930

Dear Board Members:

The basic financial objective of the Highway and Transportation Employee's and Highway Patrol Retirement System (HTEHPRS) is to establish and receive contributions that:

(1) when expressed in terms of percents of active member payroll will remain approximately level from generation to generation of Missouri citizens, and which

(2) when combined with present assets and future investment return will be sufficient to meet the present and future financial obligations of HTEHPRS.

In order to measure progress toward this fundamental objective, HTEHPRS has annual actuarial valuations performed. The valuations (i) measure present financial position, and (ii) establish contribution rates that provide for the current cost and level percent of payroll amortization of unfunded actuarial accrued liabilities over a reasonable period. An actuarial valuation was performed based upon data and assumptions as of June 30, 2001. This valuation indicates that the contribution rates, established by the Board of Trustees for the benefits scheduled to be in effect on July 1, 2002, meet the basic financial objective. The calculated contribution rates are 22.67% of payroll for the 8,010 non-uniformed employees and 32.56% of payroll for the 1,077 uniformed patrol employees.

The actuarial valuations are based upon financial and participant data that is prepared by retirement system staff. The valuations are based on assumptions regarding future rates of investment return and inflation, rates of retirement, turnover, death, and disability among members and their beneficiaries. We review the data for internal and year-to-year consistency as well as general reasonableness prior to its use in the actuarial valuations. It is also summarized and tabulated for the purpose of analyzing trends. The assumptions were adopted by the Board of Trustees and were based upon actual experience of HTEHPRS during the period July 1, 1994 to June 30, 1999. Assets were valued using the three-year smoothing method. The assumptions and methods utilized in this valuation, in our opinion, meet the parameters established by Governmental Accounting Standards Board Statement No. 25.

The current benefit structure is outlined in the introductory section. We provided the information used in the supporting schedules in the actuarial section and the Schedules of Funding Progress in the financial section, as well as the employer contribution rates shown in the Schedule of Employer Contributions in the financial section.

Based upon the valuation results, it is our opinion that the Highway and Transportation Employees' and Highway Patrol Retirement System for the State of Missouri continues in sound condition in accordance with actuarial principles of level percent of payroll financing.

Brian B. Murphy

Brian B. Murphy, F.S.A.
Senior Consultant & Actuary

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

METHODS

Asset Valuation Method
Valuation assets were determined using a three-year smoothed market value method. This method recognizes assumed investment return fully each year. Differences between actual and assumed investment return are phased in over a closed three-year period.

Actuarial Cost Method
The Entry Age Normal actuarial cost method was used for determining liabilities and normal cost. Normal costs were computed as a level percent of pay and were based on the Year 2000 Plan. Unfunded Actuarial Accrued Liabilities were amortized as a level percent of payroll over 35 years. For this purpose, covered payroll is assumed to increase 4% per year. Continued yearly reductions in the amortization period will result in a 30-year period being used for the June 30, 2006 valuation. This is consistent with GASB amortization period requirements.

ASSUMPTIONS

Interest Rate:	8.25% per annum, net of administrative fees.
Operating Expenses:	0.21% of payroll.
Surviving Spouses:	90% of employees dying in-service will have an eligible beneficiary.
Post-Retirement Benefit Increases:	The annual Consumer Price Index is assumed to be 3.5%.
Applicable Disability Benefit:	All future disabilities are assumed covered by LTD benefits.
Offsets to LTD Benefits:	It was assumed Workers Compensation Indemnity Benefits would be zero and that Social Security Disability PIA benefits would always apply.
Mortality:	Rates used in evaluating allowances to be paid to non-disabled pensioners were the 1971 Group Annuity Mortality (GAM) tables projected to the year 2000 set back one year for males and seven years for females. Pre-retirement mortality used was 50% of the 71GAM2000 tables set back one year for males and seven years for females. Disabled pension mortality was based on PBGC Disabled Mortality tables.

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Salary Increase Assumptions for an Individual Member

	Non-Uniform			Uniformed		
Age	Merit & Seniority	Base (Economic)	Increase Next Year	Merit & Seniority	Base (Economic)	Increase Next Year
20	3.00%	4.00%	7.00%	4.00%	4.00%	8.00%
25	3.00	4.00	7.00	3.50	4.00	7.50
30	2.85	4.00	6.85	2.60	4.00	6.60
35	2.20	4.00	6.20	1.70	4.00	5.70
40	1.70	4.00	5.70	0.90	4.00	4.90
45	1.30	4.00	5.30	0.40	4.00	4.40
50	0.80	4.00	4.80	0.30	4.00	4.30
55	0.60	4.00	4.60	0.30	4.00	4.30
60	0.30	4.00	4.30	0.30	4.00	4.30

Serverance Assumptions
Annual Terminations Per 100 Employees

	Less Than 5 Years of Service		More Than 5 Years of Service	
	Service	Number Terminating	Sample Age	Number Terminating
Non-Uniformed Males	0-1	20	25	4.0
	1-2	10	35	2.5
	2-3	7	45	1.3
	3-4	6	55	0.4
	4-5	5	-	-
Non-Uniformed Females	0-1	16	25	5.5
	1-2	9	35	4.6
	2-3	8	45	3.0
	3-4	7	55	1.4
	4-5	6	-	-
Uniformed Patrol	0-1	5	25	2.5
	1-2	4	35	1.4
	2-3	3	45	0.9
	3-4	2	55	0.2
	4-5	2	-	-

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS

Retirement Assumptions
Percents of Eligible Members Retiring Within Next Year

Retirement	Non-Uniformed		Uniformed
Age	Male	Female	All
50	12%	12%	50%
51	12	12	20
52	12	12	25
53	12	12	15
54	12	12	25
55	12	12	30
56	12	12	30
57	12	12	30
58	12	15	30
59	12	15	30
60	16	10	100
61	18	10	
62	50	50	
63	40	15	
64	30	15	
65	40	50	
66	35	50	
67	35	50	
68	35	50	
69	35	50	
70	100	100	

SCHEDULE OF ACTIVE MEMBER VALUATION DATA

Actuarial Valuation Date	Number	Covered Payroll	Average Pay	% Change in Average Pay from Prior Year
06/30/1992	8,591	228,503,592	26,598	0.1%
06/30/1993	8,658	236,236,082	27,285	2.6
06/30/1994	8,849	242,864,780	27,445	0.6
06/30/1995	8,904	250,529,253	28,137	2.5
06/30/1996	9,023	264,196,115	29,280	4.1
06/30/1997	8,997	280,209,116	31,145	6.4
06/30/1998	8,871	284,889,796	32,115	3.1
06/30/1999	9,140	298,673,247	32,678	1.8
06/30/2000	9,171	312,532,009	34,078	4.3
06/30/2001	9,087	327,049,257	35,991	5.6
			Ten Year Average	**3.1%**

SUMMARY OF PLAN PROVISIONS*

AS OF JUNE 30, 2001

Comparison of the Closed Plan and the Year 2000 Plan

Plan Provision	Closed Plan	Year 2000 Plan
Membership Eligibility	Members who work in a position normally requiring at least 1,000 hours of work a year.	Members hired for the first time on or after July 1, 2000, in a position requiring at least 1,000 hours of work a year. Members who left state employment prior to becoming vested and return to work on or after July 1, 2000, in a position normally requiring at least 1,000 hours of work a year.
Normal Retirement Eligibility	Age 65 & active with 4 years of service. Age 65 with 5 years of service. Age 60 with 15 years of service. "Rule of 80"/minimum age 50. Age 55 with 4 years of service. (uniform members only)	Age 62 with 5 years of service. "Rule of 80"/minimum age 50. Mandatory retirement at age 60 with 5 or more years credited service (uniform members only).
Early Retirement Eligibility	Age 55 with 10 years of creditable service.	Age 57 with 5 years creditable service.
Benefit: Life Benefit	1.6% x FAP** x service. (Base benefit is increased by 33 1/3% for uniform patrol members only.)	1.7% x FAP** x service
Temporary Benefit	Not available.	0.8% x FAP** x service (until age 62 - only if retiring under "Rule of 80").
Vesting	5 years of service.	5 years of service.
COLA (Cost-of-Living Allowance)	If hired before August 28, 1997, annual COLA is a minimum of 4%, maximum 5%. Based on 80% of the increase in the CPI over the previous year, up to a maximum of 65% of original benefit. After 65% cap is reached, annual COLA increases will be equal to 80% of the change in the CPI, with a maximum of 5%. If hired after the above date, annual COLAs will be equal to 80% of the increase in the CPI, maximum 5%, with no guaranteed minimum.	80% of increase in CPI with a maximum of 5%.
Survivor Benefit (Death before retirement) Non duty-related Death	A survivor benefit is payable to eligible spouse or children if member has 3 years service calculated using 25% of the base benefit and increased 5/12 of 1% for each month of service in excess of 5 years to a maximum of 50% of the base benefit. The spouse of an active employee who dies after accruing 5 years of creditable service may elect to receive an annuity as if the employee had retired on the date of death and elected a Joint and 100% survivor annuity. If the spouse dies, leaving eligible children, the payment shall continue until the children reach 21 years of age.	Survivor benefit to eligible spouse calculated using the Joint & 100% survivor option or 80% of the member's life income annuity paid to eligible children.
Duty-related Death	Survivor benefit to eligible spouse or children equal to 50% of final average compensation (no service requirement).	Same
Optional Forms of Payment (Death after retirement)	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: Life Income Annuity, Unreduced Joint & 50% Survivor, Joint & 100% Survivor, and 60 or 120 Guaranteed Payments.	Survivor benefit to eligible spouse based on payment option elected at retirement. Payment options include: Life Income Annuity, Joint & 50% Survivor, Joint & 100% Survivor, and 120 or 180 Guaranteed Payments.
Disability	Long-Term Disability, Work Related and Normal Disability	Long-Term Disability, Work Related and Normal Disability

* This summary describes the plan provisions of the Revised Statutes of Missouri (RSMo.), as amended, that governed the programs, which HTEHPRS administered during the period covered by this report. It does not overrule any applicable statute or administrative rule and, in the event of a conflict, the applicable statute or rule would apply. The Year 2000 Plan is effective July 1, 2000.

** Final Average Pay - highest 36 consecutive months of pay.

LEGISLATIVE CHANGES

On July 13, 2001, Governor Bob Holden signed into law Senate Bill 371 (SB 371). Most of the provisions contained in SB 371 consisted of minor modifications to and clarifications of The Closed Plan and The Year 2000 Plan. Two of the more substantive changes contained in the legislation, however, create a BackDROP option for MoDOT and Patrol employees (effective January 1, 2002).

A member may elect a BackDROP option at retirement that would allow for a benefit to be calculated as if the member had retired at a previous date. To be eligible to participate in the BackDROP, a member must have been eligible to retire under normal age and/or service conditions for at least two years. A retroactive starting date is established, which is the later of the member's normal retirement date or five years prior to the annuity starting date. This results in a BackDROP period of two to five years depending on the member's situation. A theoretical BackDROP account is accumulated that includes 90% of the value of the benefit payments that would have been paid during the BackDROP period. These payments include applicable post-retirement benefit increases, however, no interest is paid. The member is paid the resulting lump sum value of the BackDROP account as of the annuity starting date or as three equal annual installments beginning at the annuity starting date.

Statistical Section

In This Section

ACTIVE MEMBER DATA

BY AGE

Age	Total	Department of Transportation	Civilian Patrol	Uniformed Patrol	Retirement System
< 21	87	79	7	-	1
21-25	584	451	58	75	-
26-30	1,062	745	96	221	-
31-35	1,301	907	125	267	2
36-40	1,491	1,169	147	175	-
41-45	1,571	1,261	185	125	-
46-50	1,383	1,066	193	124	-
51-55	963	743	143	77	-
56-60	505	415	74	15	1
61-65	138	117	21	-	-
> 65	21	16	5	-	-
Total	9,106	6,969	1,054	1,079	4
Average Age		**41**	**42**	**37**	**36**

BY YEARS OF SERVICE

Years of Service	Total	Department of Transportation	Civilian Patrol	Uniformed Patrol	Retirement System
< 1	1,061	931	77	52	-
1-5	2,216	1,676	277	262	2
6-10	1,720	1,278	184	258	-
11-15	1,295	930	163	201	1
16-20	952	764	120	68	-
21-25	936	710	110	116	-
26-30	534	370	86	78	-
31-35	273	206	29	37	1
36-40	94	79	8	7	-
41-45	23	23	-	-	-
> 45	2	2	-	-	-
Total	9,106	6,969	1,054	1,079	4
Average Service		**11**	**12**	**12**	**13**

TERMINATED VESTED MEMBER DATA

BY AGE

Age	Total	Department of Transportation	Civilian Patrol	Uniformed Patrol
< 21	-	-	-	-
21-25	1	1	-	-
26-30	43	30	5	8
31-35	162	121	20	21
36-40	230	183	29	18
41-45	210	168	28	14
46-50	171	118	36	17
51-55	144	114	17	13
56-60	49	39	10	-
61-65	8	6	2	-
> 65	-	-	-	-
Total	1,018	780	147	91
Average Age		**43**	**44**	**41**

BY YEARS OF SERVICE

Years of Service	Total	Department of Transportation	Civilian Patrol	Uniformed Patrol
< 1	1	1	-	-
1-5	166	123	23	20
6-10	446	356	56	34
11-15	259	189	45	25
16-20	107	83	16	8
21-25	34	25	6	3
26-30	5	3	1	1
31-35	-	-	-	-
Total	1,018	780	147	91
Average Service		**10**	**11**	**10**

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

ALL MEMBERS

Amount of Monthly Benefit	Type of Benefit: Retirement Normal	Retirement Early	Disability Normal	Disability Long-Term	Survivor	Total Recipients
1-200	22	19	9	3	366	419
201-400	78	70	17	23	393	581
401-600	194	60	20	16	259	549
601-800	243	32	17	10	167	469
801-1000	258	18	14	8	117	415
1001-1200	301	8	11	5	64	389
1201-1400	309	7	10	5	45	376
1401-1600	303	7	3	-	50	363
1601-1800	277	3	5	-	43	328
1801-2000	295	2	1	-	24	322
2001-2200	266	1	2	-	31	300
2201-2400	241	1	1	-	22	265
2401-2600	231	-	-	-	14	245
2601-2800	200	-	1	-	13	214
2801-3000	179	-	-	-	12	191
>3000	749	-	-	-	17	766
TOTALS	**4,146**	**228**	**111**	**70**	**1,637**	**6,192**

MISSOURI DEPARTMENT OF TRANSPORTATION

Amount of Monthly Benefit	Type of Benefit: Retirement Normal	Retirement Early	Disability Normal	Disability Long-Term	Survivor	Total Recipients
1-200	17	16	9	1	347	390
201-400	62	61	15	23	367	528
401-600	165	53	18	11	230	477
601-800	209	26	17	9	143	404
801-1000	232	17	14	8	93	364
1001-1200	270	7	10	3	46	336
1201-1400	278	6	9	5	33	331
1401-1600	257	7	3	-	41	308
1601-1800	231	3	3	-	25	262
1801-2000	260	2	1	-	18	281
2001-2200	238	1	1	-	23	263
2201-2400	209	1	-	-	16	226
2401-2600	200	-	-	-	11	211
2601-2800	173	-	-	-	12	185
2801-3000	140	-	-	-	11	151
>3000	329	-	-	-	7	336
TOTALS	**3,270**	**200**	**100**	**60**	**1,423**	**5,053**

SCHEDULE OF RETIRED MEMBERS BY TYPE OF BENEFIT

CIVILIAN PATROL

Amount of Monthly Benefit	Type of Benefit: Retirement Normal	Retirement Early	Disability Normal	Disability Long-Term	Survivor	Total Recipients
1-200	4	3	-	2	16	25
201-400	14	9	1	-	14	38
401-600	24	7	2	5	16	54
601-800	31	6	-	1	10	48
801-1000	25	1	-	-	14	40
1001-1200	27	1	1	2	8	39
1201-1400	28	1	1	-	2	32
1401-1600	38	-	-	-	1	39
1601-1800	41	-	1	-	2	44
1801-2000	32	-	-	-	2	34
2001-2200	22	-	-	-	-	22
2201-2400	19	-	-	-	-	19
2401-2600	15	-	-	-	1	16
2601-2800	4	-	-	-	-	4
2801-3000	7	-	-	-	-	7
>3000	40	-	-	-	2	42
TOTALS	**371**	**28**	**6**	**10**	**88**	**503**

UNIFORMED PATROL

Amount of Monthly Benefit	Type of Benefit: Retirement Normal	Retirement Early	Disability Normal	Disability Long-Term	Survivor	Total Recipients
1-200	-	-	-	-	3	3
201-400	2	-	1	-	12	15
401-600	5	-	-	-	13	18
601-800	3	-	-	-	14	17
801-1000	1	-	-	-	10	11
1001-1200	4	-	-	-	10	14
1201-1400	3	-	-	-	10	13
1401-1600	8	-	-	-	8	16
1601-1800	5	-	1	-	16	22
1801-2000	3	-	-	-	4	7
2001-2200	6	-	1	-	8	15
2201-2400	13	-	1	-	6	20
2401-2600	16	-	-	-	2	18
2601-2800	23	-	1	-	1	25
2801-3000	32	-	-	-	1	33
>3000	380	-	-	-	8	388
TOTALS	**504**	**-**	**5**	**0**	**126**	**635**

SCHEDULE OF AVERAGE MONTHLY BENEFIT PAYMENTS

BY YEARS OF SERVICE

Retired In Fiscal Year		0-10	11-15	16-20	21-25	26-30	31-35	36-40	41 +
MISSOURI DEPARTMENT OF TRANSPORTATION									
1997	Average Benefit	333	316	768	996	1,566	1,956	2,493	3,088
	Current Retirees	1	7	18	18	56	43	39	9
1998	Average Benefit	202	495	707	1,041	1,579	1,795	2,303	2,575
	Current Retirees	3	6	8	22	46	48	48	20
1999	Average Benefit	378	543	789	1,162	1,628	2,045	2,550	2,670
	Current Retirees	3	6	12	22	39	44	47	13
2000	Average Benefit	194	616	771	1,069	2,027	2,570	2,695	2,674
	Current Retirees	3	10	12	20	70	76	54	25
2001	Average Benefit	276	473	657	1,288	2,102	2,459	2,411	1,556
	Current Retirees	16	8	9	27	98	157	88	49
CIVILIAN PATROL									
1997	Average Benefit	273	463	602	1,066	1,536	1,954	2,086	0
	Current Retirees	3	2	4	1	4	7	8	0
1998	Average Benefit	0	542	569	1,319	1,538	1,975	2,216	2,830
	Current Retirees	0	3	4	1	6	7	3	2
1999	Average Benefit	0	386	431	1,105	1,010	2,376	2,138	0
	Current Retirees	0	3	1	3	4	12	5	0
2000	Average Benefit	237	488	561	1,079	1,696	2,470	2,938	1,895
	Current Retirees	2	1	2	6	7	10	5	2
2001	Average Benefit	302	78	647	1,179	2,141	2,058	2,926	1,591
	Current Retirees	3	1	1	4	20	19	12	2
UNIFORMED PATROL									
1997	Average Benefit	0	0	0	367	3,010	3,551	4,136	0
	Current Retirees	0	0	0	1	10	22	1	0
1998	Average Benefit	0	0	0	3,023	3,274	3,585	4,477	0
	Current Retirees	0	0	0	1	14	14	2	0
1999	Average Benefit	0	0	0	0	3,029	3,678	3,851	0
	Current Retirees	0	0	0	0	20	27	1	0
2000	Average Benefit	0	0	0	0	3,312	3,343	3,944	0
	Current Retirees	0	0	0	0	7	17	4	0
2001	Average Benefit	0	0	0	0	2,954	2,869	4,062	2,568
	Current Retirees	0	0	0	0	8	15	2	4

RETIRED MEMBERS DATA (TEN-YEAR AVERAGES)

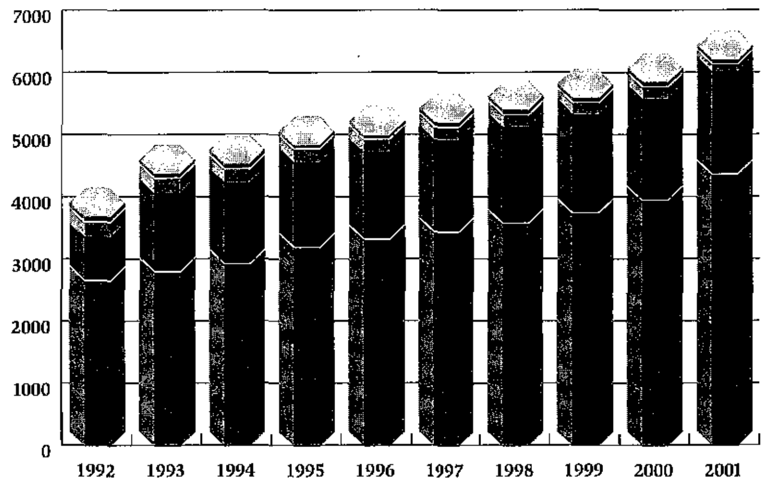
RETIREMENT AGE / YEARS OF SERVICE / BENEFIT INFORMATION

(The information contained in this tabulation relates to current retirees who retired in the years indicated)

Retired in Fiscal Year	Current Retirees	Average Age at Retirement	Average Service	Average Initial Benefit	Average Benefit on June 30, 2001	Percent of Increase
MISSOURI DEPARTMENT OF TRANSPORTATION						
1992	124	60.19	33.23	$1,228.61	$1,910.72	55.52
1993	185	60.29	32.15	1,191.26	1,781.22	49.52
1994	167	60.37	31.70	1,274.17	1,830.94	43.70
1995	254	58.41	31.94	1,284.61	1,794.63	39.70
1996	186	59.08	32.41	1,444.89	1,875.64	29.81
1997	191	58.65	30.40	1,339.81	1,733.71	29.40
1998	201	59.55	31.79	1,438.50	1,756.02	22.07
1999	186	58.78	31.41	1,506.17	1,868.33	24.05
2000	270	58.09	31.96	1,682.53	2,174.06	29.21
2001	452	55.82	32.47	1,996.28	2,055.60	2.97
CIVILIAN PATROL						
1992	10	59.00	33.10	$1,409.63	$2,221.52	57.60
1993	19	60.68	28.05	988.03	1,470.33	48.81
1994	20	61.50	26.95	1,028.41	1,471.23	43.06
1995	30	58.87	27.23	991.81	1,423.35	43.51
1996	25	60.96	26.28	953.58	1,293.15	35.61
1997	29	60.34	28.07	1,139.47	1,438.69	26.26
1998	26	59.46	28.54	1,273.80	1,560.94	22.54
1999	28	58.75	29.39	1,320.16	1,719.36	30.24
2000	35	58.91	29.09	1,375.81	1,817.39	32.10
2001	62	58.23	30.92	1,986.61	2,041.37	2.76
UNIFORMED PATROL						
1992	21	56.19	32.43	$2,446.66	$3,821.33	56.19
1993	17	56.18	32.41	2,468.75	3,689.58	49.45
1994	28	56.21	31.39	2,454.87	3,517.33	43.28
1995	67	54.12	32.28	2,455.50	3,359.48	36.81
1996	22	54.36	32.32	2,649.40	3,282.34	23.89
1997	34	54.76	31.79	2,772.15	3,315.64	19.61
1998	31	53.97	31.29	3,009.44	3,483.70	15.76
1999	48	54.46	31.73	3,082.83	3,411.07	10.65
2000	28	54.71	33.07	3,203.21	3,421.20	6.81
2001	29	57.66	34.10	2,758.12	2,933.32	6.35

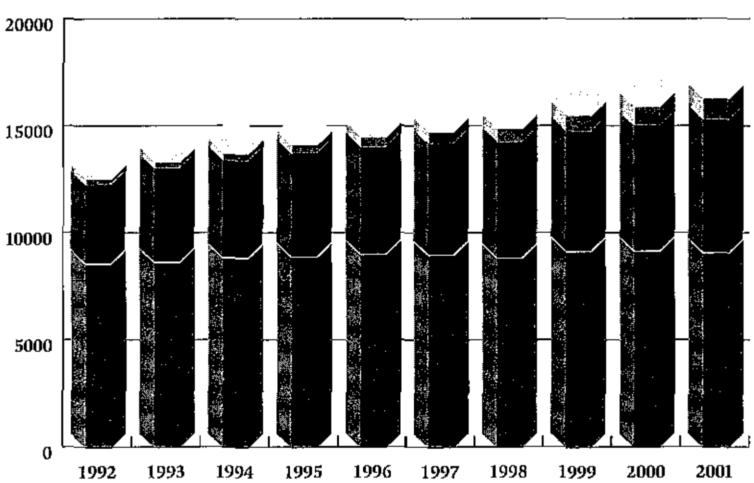
NOTE: Annual cost-of-living adjustments range between 4% and 5%. The Benefit formula increase of 6.7% on January 1, 1995, was retroactive.

BENEFIT RECIPIENTS



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
LTD	81	69	79	59	62	71	79	77	76	70
Disabilities	245	236	224	218	207	201	196	186	186	111
Survivors	699	1,269	1,307	1,365	1,405	1,486	1,549	1,590	1,641	1,637
Retirees	2,663	2,811	2,932	3,201	3,329	3,445	3,585	3,747	2,954	4,374

MEMBERSHIP DISTRIBUTION



	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Terminated Vested Members	299	311	372	416	498	574	660	762	912	1,018
Benefit Recipients	3,688	4,385	4,542	4,843	5,003	5,203	5,409	5,600	5,857	6,192
Active Members	8,891	8,658	8,849	8,904	9,023	8,997	8,849	9,172	9,171	9,106